

FTC's TELEMARKETING SALES RULES

Every day, thousands of Americans receive unsolicited phone calls from telemarketers trying to sell a variety of products. Although the majority of telemarketers represent legitimate businesses, many do not. Unscrupulous telemarketers are smooth operators, successful at swindling consumers out of millions of dollars. Fortunately, consumers now have a tool to help protect themselves from these con artists.

The Federal Trade Commission's Telemarketing Sales Rule empowers consumers to stop unwanted telemarketing calls and gives specific ways to distinguish legitimate companies from telephone crooks.

Following are the highlights of the Telemarketing Sales Rule:

- It is illegal for a company's telemarketer to call you if you have asked that company not to call you.
- Calling times are restricted to the hours between 8 a.m. and 9 p.m.
- Telemarketers must tell you it's a sales call, the name of the seller, and what they are selling before they make their sales pitch. If they are promoting a prize, they must tell you that no purchase or payment is necessary to enter or win. If they ask you to pay for a prize, hang up. Free is free.
- It's illegal for telemarketers to misrepresent any information, including facts about their goods or services, earning potential, profitability, risk or liquidity of an investment, or the nature of a prize in a prize-promotion scheme.
- Telemarketers must tell you the total cost of the products or services offered and any restrictions on getting or using them -- or that a sale is final or non-refundable -- before you pay. In a prize promotion, they must tell you the odds of winning, that no purchase or payment is necessary to win, and any restrictions or conditions of receiving the prize.
- It's illegal for a telemarketer to withdraw money from your checking account without your express, verifiable authorization. Telemarketers cannot lie to get you to pay, regardless of the method of payment you choose.
- You do not have to pay in advance for credit repair, cost recovery, or advance-fee loan/credit services until you have received the services. Examples of fraudulent operations include:
 - Credit repair companies claiming that, for a fee, they can change or erase accurate negative information from your credit report. Only time can erase such information.
 - Cost recovery operators contacting people who have lost money to a previous telemarketing scam and promising that they will recover lost money or the product or prize you never received in exchange for a fee or donation to a specified charity.
 - Advance fee loans offered by companies claiming they can guarantee you a loan for a fee paid in advance. The fee may range from \$100 to several hundred dollars.
 - Violators of the Telemarketing Sales Rule face up to \$10,000 in fines for each violation.
 - The Office of Attorney General, as well as the Federal Trade Commission, and in some cases, individual consumers, can bring an action against alleged offenders.

Anyone with a telephone is vulnerable to the high-pressure sales tactics and enticing offers of a dishonest telemarketer. Don't allow yourself to be pushed into a hurried decision. Hang up if you hear your own better judgment whispering that you may be making a serious mistake.

ON TELEMARKETING RIGHTS FOR CONSUMERS

1. Which of the following types of telephone offers require a fee up front?

- A. Guaranteed loan offers.
- B. Programs to help recover money lost previously to scam operators.
- C. Prize offers.
- D. Services offering to repair poor credit records.

ANSWER: None. The law prohibits telemarketers from collecting fees in advance for any of these services. In the case of prize offers, they can't require that you purchase other goods or services and they can't charge you for handling, taxes, or other fees. You never have to pay to play or win.

2. What is the best way to keep a particular telemarketing company from calling you again?

- A. Hang up on them.
- B. Tell them not to call again.
- C. File a complaint against them with consumer authorities.
- D. Put the salesperson on hold for a LONG time.

ANSWER: "B" is correct. Under the FTC's Telemarketing Sales Rule, telemarketers must put you on their "do not call" list if you request it. The seller could face a \$10,000 fine for each violation if you are called again.

3. True or False: Under the FTC's Telemarketing Sales Rule, you do NOT have a three-day right of cancellation for a contract agreement you make by telephone.

ANSWER: True. The three-day right to cancel rule applies to sales made away from the seller's principal place of business, such as a door-to-door sale. Under the rule, however, the seller must disclose any "no refund" or "no cancellation" policy before you pay.

4. If an unfamiliar telephone salesperson asks you to pay for your purchase by personal check and to give your checking account number on the telephone, what should you do? (Circle all that apply.)

- A. Be cautious.
- B. Ask if payment by credit card also is acceptable.
- C. Expect the seller to provide some type of verifiable authorization for payment made this way.
- D. All of the above.

ANSWER: "D" is correct. Always be careful when doing business with a seller you don't know. Paying by credit card gives you additional protection because you can work through the company issuing the credit card to challenge purchases that don't turn out as promised or guaranteed.

5. When telemarketers call you, the law says they cannot (Check all that apply.):

- A. Call your home after 9 p.m.
- B. Call your home before 8 a.m.
- C. Disclose the odds of winning a prize by mail only.
- D. Tell you of the company's "all sales final" policy at the end of the call.
- E. Threaten to ruin your credit.

ANSWER: All these acts are illegal. Telemarketers must tell you the odds of winning a prize early in the call. They also must tell you of a "no refund" policy before you pay. Sellers may not threaten or intimidate you or use obscene language.

Arming yourself with knowledge will help you avoid being victimized by telemarketing fraud. If you want to have your name removed from national telephone solicitation lists, you may write to: DMA Telephone Preference Service, PO Box 9014, Farmingdale, NY 11735-9014.

If you have been victimized by telemarketing fraud, call the Attorney General's Consumer Protection Division at 701-328-3626, 701-328-3409 (TDD), or toll free at 1-800-472-2600.